# Czech University of Life Sciences Faculty of Economics and Management Department of Management



# Diploma thesis

The impact of branding strategies on the CRM process: The case of Coca-Cola in Ghana

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#### CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

# **DIPLOMA THESIS ASSIGNMENT**

Tarek Arslan

**Economics and Management Economics and Management** 

Thesis title

The impact of branding strategies on the CRM process: The case of Coca Cola in Ghana

#### **Objectives of thesis**

The main aim of this thesis is to analyze the impact of branding strategies in the customer relationship management process as well as to analyze the economic impact that it has on the economic development of the country.

#### Methodology

Both primary and secondary sources of data will be utilized to make research about the topic under study. Primary data will be collected by the preparation of questionnaires to Coca-Cola customers in Ghana and to Salespeople who work in Coca-Cola Ghana (qualitative analysis). Secondary data will be collected by reviewing Coca cola sales in Africa from the year 2012 till the year 2017 (more specifically in West Africa and Ghana) and sales manager's data such as Coca Cola's market share, competitive intelligence and marketing process. Interpretation will be presented with texts and graphs presenting a correlation on metrics between brand awareness and sales.

#### The proposed extent of the thesis

50-60

#### **Keywords**

Coca-Cola, Brand, Customer, Relationship, Sales, Ghana

#### **Recommended information sources**

DAVIS, SCOTT M. (2002), Brand Asset Management: Driving Profitable Growth through Your Brands HIDAKA, Yuichiro, Woonho KIM a Shuichi AKIYAMA. Relationship between multiple CRM activities in retail and customer performance: The moderating effects of brand loyalty and variety seeking behavior

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Declaration			
I declare that I have worked or on the CRM process: The case sources mentioned at the end of the thesis does not break copy	e of Coca-Cola in of the thesis. As t	n Ghana " by m the author of the	yself and I have used only the
In Prague on 30 <sup>th</sup> of March 20	)20		Tarek Arslan

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The impact of branding strategies on the CRM process: The

case of Coca Cola in Ghana

**Abstract** 

The main aim of this thesis is to analyze the impact of branding strategies in the customer

relationship management process. The functions of the customer relationship management that

were focused on are: knowing the customer, choosing the client, conquering new customers,

and retaining the best. To be more specific, the thesis aim to study the typology of possible

brand strategies and customer relationship management process, in addition to understanding

the perception of the sales manager's interaction with brand strategy CRM. The first part of the

thesis, which is the literature review, contains research done on marketing, branding, customer

different input, segmentation, targeting and understanding competition with an introduction

about how Coca-Cola Company works. The second part which is the practical part, includes

questionnaires that were done with current residents of Ghana on their consumption of Coca-

Cola and with Coca-Cola Ghana sales employees. In addition, the practical part also included

data from sales managers in Coca-Cola about quota achievement and growth in sales during

from the year 2012 until 2017 along with an interview with a sales manager in the company.

Based on the literature review done in the first part and own data research in the second part,

results were interpreted and recommendations were generated to Coca-Cola Ghana on how to

maintain success in the CRM process and increasing the growth of sales through successful

branding.

Keywords: Coca-Cola, Brand, Customer, Relationship, Sales, Ghana

6

Dopad strategií budování značky na proces CRM: Případ

Coca Cola v Ghaně

**Abstrakt** 

Hlavním cílem této práce je analyzovat dopad strategií značky v procesu řízení vztahů

se zákazníky. Hlavní zaměření bylo na funkce řízení vztahů se zákazníky: poznání zákazníka,

výběr klienta, získání nových zákazníků a udržení nejlepších. Konkrétněji se práce zaměřuje na

studium typologie možných strategií značky a procesu řízení vztahů se zákazníky, kromě

pochopení vnímání interakce manažera prodeje s CRM strategie značky. První část práce, kterou

je literární rešerše, obsahuje výzkum týkající se marketingu, brandingu, různých vstupů,

segmentace, cílení a porozumění konkurenci a úvodními informacemi o fungování společnosti

Coca-Cola. Druhá část, která je praktická, zahrnuje dotazníky, které byly provedeny se

současnými obyvateli Ghany o jejich spotřebě produktů firmy Coca-Cola a se zaměstnanci

prodeje Coca-Cola Ghana. Praktická část dále zahrnovala data od manažerů prodeje v Coca-

Cola o plnění kvót a růstu tržeb v období od roku 2012 do roku 2017 spolu s rozhovorem s

manažerem prodeje ve společnosti. Na základě literární rešerše, provedené v první části, a

výzkumu vlastních dat ve druhé části byly interpretovány výsledky a generována doporučení

pro Coca-Cola Ghana o tom, jak udržet úspě v procesu CRM a zvýšit růst tržeb prostřednictvím

úspěšné značky.

Klíčová slova: Coca-Cola, Značka, Zákazník, Vztah, Prodej, Ghana

7

### **Table of contents**

List of figures	9
List of Tables	10
1 Introduction	11
2 Objectives and Methodology	14
3 Literature review	16
3.1 Marketing strategy and strategic analysis	16
3.2 Conceptual framework: How Coca Cola works?	27
3.3 Competition: A rivalry of production, distribution and service companies	27
3.4 Segmentation.	31
3.5 Targeting	35
3.6 Positioning	36
3.7 Customer satisfaction	40
3.8 Customer loyalty	41
4 Practical Part	44
4.1 Problematic Concerns	44
4.2 Questionnaire design and distribution	44
4.3 Structure of respondents of Questionnaire and Data Collected	44
4.4 Data from sales managers in Coca Cola	50
4.5 Interview with Coca-Cola Sales Managers	52
5 Discussion and recommendations	55
5.1 Interpretation of results and discussion	55
5.2 General recommendations to Coca-Cola Western Africa	56
5.3 Specific recommendations to Coca-Cola Ghana.	59
6 Conclusion	60
7 References	63
Appendix	69
Appendix A. Questionnaire 1	69
Appendix B. Questionnaire 2	70

# List of figures

Figure 1: The Profit Triangle	21
Figure 2: Porter's 5 forces Model.	29
Figure 3: Consumption of questionnaire respondents.	45
Figure 4: Importance of loyalty for Coca-Cola.	46
Figure 5: Impact of Coca-Cola's brand and name on respondents' behavior	47
Figure 6: Impact of the notoriety of the brand on the respondents' loyalty	48
Figure 7: The impact of Coca-Cola new brand strategy on Sales reps achievement	49
Figure 8: Ease of job and KPI achievement due to quality of sales management	50
Figure 9: Coca-Cola sales teams average quota achievement.	52

## **List of Tables**

Table 1: The main market structures.	
Table 2: Structure of respondents for questionnaire 1	45
Table 3: Structure of respondents for questionnaire 2	48
Table 4: Coca-Cola sales growth	51
Table 5: Coca-Cola sales team achievement	51

#### 1 Introduction

In an economic sense, a **company** is an economic and social structure that brings together human, material, intangible and financial resources, which are combined in an organized way to provide goods or services to customers in a competitive environment (the market) or non-competitive (monopoly) with a main purpose of profitability (Pearce, John, 1982). A business is usually a legal structure: a corporation: anonymous, joint stock, limited liability, cooperative etc. One or more people work in an organized way by combining certain resources. The company is characterized by four types of interdependent activities: the management of material or immaterial production, the management of a labor force, the management of relations with a market, the management of financing problems. To exist in a competitive environment, the company must satisfy its customers and generate a profit, that is to say, achieve a turnover higher than the sum of its costs (salaries and expenses, operating costs, depreciation), divestments, taxes, etc.). On a social level, the company's responsibilities are to recruit, train and protect its own employees (Frazier, Howell, 1983).

In the current sense, **competition** is associated with a "rivalry between several people". In a more economical sense, it is "a relationship between companies competing for customers". The company in its search for customers must respect the rules of competition. Competition is thus the situation in which one person or a company is in relation to one or more others when, while making profits, it can compete with them by offering a service or product at least equivalent for a price at least equal. It is also a situation where several agents propose to sell goods or services equivalent or substitutable (HIDAKA, Yuichiro, Woonho KIM and Shuichi AKIYAMA, 2018). The recognition of customer potential is then in a situation of choice between different products available. Competition promotes permanent adaptation between supply demand and innovation. Competition drives companies to continually adapt their products and services to the current and future expectations of their customers. It drives them to innovate and to reduce costs. Since competition is often imperfect, it forces them to adopt various strategies to make the most of their game with aim to strengthen their position in the market. On the other hand, competition gives the customer good visibility of the offer; it makes it possible to weigh on the prices and the brands as well as their notoriety gives a guarantee for the consumer (Whish, Bailey, 2015).

The **brand** is a distinctive sign that allows the consumer to distinguish the product or service of a company from those offered by competing companies (King, 2015). In his article he mentions that the brand can be materialized by a proper name, a word, an expression or a visual symbol. The brand is a benchmark for the consumer and possibly a guarantee. The brand aims to generate value, to retain the consumer, to accompany the changes that a group undergoes or generates and federate human energies. The validity of a brand requires that it be distinctive, lawful and available. Its characteristics are: denominations (words, assemblages of words, patronymic and geographical names, pseudonyms, letters, numbers, acronyms); sound signs (sounds, musical phrases); figurative signs (drawings, labels, stamps, selvedges, reliefs, holograms, logos, computer graphics, shapes, arrangements, combinations or shades of colors). Its purpose is to enter into the desire of each of us; it seeks visibility, exercises power as well as control. The brand allows the company to increase its margin because it is an instrument of rallying and loyalty of the customers to the products of the company. The brand is a capital that gives value to the company and its products. The brand allows the consumer to identify and distinguish the product of a company among competing products. The brand is therefore an element of differentiation of the product. It is a guarantee of quality, a kind of guarantee given by the company of the quality of its product (Davis, 2002).

In recent years, companies have entered a hyper competitive world marking the end of captive markets. Companies are therefore forced to increase their market share to maintain or improve their overall profitability (Stallings, Katada, 2009). The key is the customer relationship; the client has become the main topic of conversation and mobilization. The management of **customer relationship** is to know how to target, attract and retain the right customers and is a critical factor in the success of the business. Satisfaction is more than ever at the heart of our concerns and is embodied in personalized customer relationship management: understanding customers and their expectations by building loyalty and encouraging them to consume more. The functions of customer relationship management can be summarized as: knowing the customer (gathering information that allows him to describe, characterize the consumer,

position him in the market and detect new segments); choose your client (analyze the data with the most advanced techniques); conquer new customers (implement a customer-oriented strategy the implementation of a customer-oriented strategy concerns the entire business process); retain the best customers: (strengthen loyalty programs, after-sales service as the ideal opportunity to achieve a personalized and sustainable relationship with the customer, by offering an offer better suited to his needs). New technologies allow companies to better know their customers and gain their loyalty by using information about them in such a way as to better identify their needs and therefore better respond to them. It turns out that keeping a customer loyal cost 5 times less than trying to find new ones. This is why a large number of companies are orienting their strategy around the services offered to their customers. This customer relationship strategy is implemented with the aim of acquiring new customers, extend the business relationship with them and retain them. A better customer relationship allows the company to offer a better service to its customers through a multi-channel integration; this leads to a growth in sales because of increased market share, customer loyalty in low growth markets, and consequently an increase in productivity by partial or total automation of certain tasks in terms of both communication and marketing therefore cost reduction resulting in productivity gains (Maklan, Antonnetti, Whitty, 2017).

#### 2 Objectives and Methodology

Aim of this thesis is to analyze the impact of branding strategies in the customer relationship management process.

#### **Main Objectives:**

- Discovering the impact of alignment between brand strategies and customer relationship management in one of the top companies in the world
- Finding out the perception of the sales manager's interaction with brand strategy CRM.
- Possibility of introducing impactful modern branding strategies in today's world

#### **Hypothesises:**

- § H1: Longevity-oriented companies place customer loyalty at the forefront of concern.
- § H2: Brand awareness as well as a brand name is a competitive advantage.
- § H3: The quality of the sales organization facilitates both the management of the customer relationship and the promotion of brands by sales representatives.
- § H4: Customer loyalty also passes by the notoriety of a brand.

#### **Methodology:**

Both primary and secondary sources of data will be utilized to make the research about the topic under study. Primary data will be collected by the realization of questionnaires to Coca-Cola customers in Ghana and to sales people who work in Coca-Cola Ghana (qualitative analysis). Secondary data will be collected by reviewing Coca cola sales in Africa from the year 2012 till the year 2017 (more specifically in West Africa and Ghana) and sales manager's data about sales growth and quota achievements. The questionnaires were developed specifically for the purpose of this research using online tool which is Google Docs (docs.google.com/forms). The questionnaires were made for the purpose of answering the research question and proving if the hypothesis stated are correct or not to be able present the research results. For the first

questionnaire Ghanaian respondents were contacted through social media platform (Facebook). Respondents for the second questionnaire were contacted through the team leaders (Sales managers) working in Coca-Cola Ghana.

A brief Skype interview was conducted with the Sales manager who is responsible for the sales of Coca-Cola in Ghana. The aim of this interview was to validate the relationship between the change of branding strategy in 2013 in Western Africa and the spike in Coca-Cola sales in 2013 in Ghana.

Interpretation will be presented based on the results of the questionnaires, interview, data collected from sales managers and conclusions along with recommendations will be given.

#### 3 Literature review

#### 3.1 Marketing strategy and strategic analysis

Competition drives companies to continually adapt their products services to the current and future expectations of their customers. It drives them to innovate and to reduce costs. Since competition is often imperfect, it forces them to adopt various strategies to get the best out of the game. But companies are also searching for alternatives to the market that replace competition by contract or hierarchy. The existence of a form of competition, even if imperfect, creates for companies, whatever their size, a situation of competition head to head with their competitors which encourages them to a permanent search for a better economic efficiency, innovative products that can maintain or increase their market share, and increase their margin rate(Pellicer, Yepes, Rojas, 2017).

In sectors with rapid technological change, and thus accelerated obsolescence, competition can lead to rapid changes in companies market shares, and thus to an unstable situation (Maklan, Antonnetti, Whitty, 2017).

The characteristics of the competition are:

- Competition is **relative**: a company manufacturing only one product line, will consider a similar large company as a significant competitor, because it offers a range similar to its own.
- Competition is multidimensional: People often only see competition in the end-user market. In reality, companies compete in the labor market, capital, technology, raw materials, and so on.
- Competition is **indirect**: it is the result of events that are beyond the control or vision of business leaders.
- Competition is a **factor of innovation**: it throws an ongoing challenge to companies and forces them to take up this challenge or to disappear. The company must develop and implement a marketing strategy based on the pursuit of a competitive advantage (Pellicer, Yepes, Rojas, 2017).

Not all markets have the same level of competition, it depends on their structure. There are four main market structures, depending on the number of firms competing, the homogeneity of products offered and the ease of entry of new competitors into the market. (Podolny, 2010). As we can see in table 1 the main market structures below:

Type of	Number of	Nature of the product	Examples
structure	firms		
Perfect competition	Many	1	Stock market, beverages, wheat, gold, minerals
Monopoly competition	Many	Various companies manufacture differentiated products	Retail trade (computers, furniture, footwear, etc.) and services (restaurants)
Oligopoly	Little	The products are relatively similar or differentiated	Heavy industry, capital-intensive sectors (automobiles, aeronautics, chemical industry)
Monopoly	Little	Single product	Especially in regulated public services (Post Office, Energy, Water)

Table 1: The main market structures (Kalleberg, 2018)

Marketers must be aware of the multi-dimensionality of competition. Knowing the levels of competition is essential to developing a marketing strategy (Kalleberg, 2018).

The marketing **strategy** is a process of study and reflection, the aim of which is to get as close as possible to the supply demand match. This approach is part of a company's strategy. It is a work that aims to increase turnover, market share and customer permanence by differentiating, motivating or adapting the offered, thereby increasing economies of scale. Strategic marketing, part of the marketing strategy, ensures the other key functions of the company (quality

Management, logistics, management of the information system, human resources management) are feasible to the offering. The aim of the marketing strategy is to ensure the long-term development of profitable sales (which the capital contributors) and to cover the fixed costs of the company, thereby generating economies of scale (ensuring the survival of the company). Customer-oriented, this fundamental strategy for the company is also part of the general policy of the company which also takes into account the organization (quality management including information system, logistics and human resources management) generating\_synergies or flexibility at least. The marketing strategy will be applied by the marketing plan (tactical medium-term operational marketing). The marketing strategy is structured by the use of 3 parts: After an analysis of the environment (1) and the deduction of strategic and operational objectives, it is possible to determine priorities (fundamental strategic marketing options) (2) and (3) that make it possible to select priorities for the marketing-mix of operational marketing (Hawkins, Mothersbaugh, 2010).

- (1) The strategic analysis begins with an internal analysis (company capacities: human and financial resources, brand image) and an external analysis (resources required by each segment, profitability of each segment, strength competition, legislation, etc.) of the company. It will be necessary to use a list of objective and relevant indicators in this preliminary analysis. It will then be possible to carry out a first diagnosis which may be for example in the form of a SWOT matrix, allowing to set the **big objectives** (example: to become leader, coleader, challenger or specialist in the market). This concept of objective (of options) is more or less broad depending on the leadership. Some reduce the synthesis phase before the 1st phase (positioning), which has the merit of simplicity, but can reduce the scope of possibilities in the end (Ho, 2014).
- (2) In a second step, we must determine these objectives, primarily market segmentation (target). It is a matter of identifying on the market groups of consumers with the same expectations with regard to the product and therefore having to react in the same way to the same marketing stimulation. And a positioning determined by this targeting. It is, among the segments defined to choose one or more that the company will try to satisfy by the credibility of a formula of the offering(s). Finally, also the branding and the sources of sales volume that explain

- whom the strategy will tackle in the market (a direct competitor, a substitute product ...). These various options must form a coherent whole and make it possible to determine the choice of priorities by using a weighting chart to be invented in each case (market, products and source of volume) and the main routes of action of the strategy (Wedel, Kamakura, 2012).
- (3) These points are to be formulated clearly for **operational marketing.** They are the 4 axes of the marketing mix: price, product, distribution, promotion. These are major axes to be followed, defined in an arbitrary way and whose investment can be unequal. Investing in communication means not to overly reduce prices, for example, to remain efficient. These points must therefore be globally consistent. They have to adapt to the market and the business. They must always seek to enable the company to gain superiority (a competitive advantage) and consistency with positioning. The formulation of this strategy must also seek to have quality to be sure in terms of forecasting (Hawkins, Mothersbaugh, 2010).

The pursuit of a competitive advantage is the foundation of any marketing strategy. The company that has no distinctive competence, no advantage over its competitors in terms of product, service, and distribution would be unlikely to survive in the competitive arena. It is therefore imperative to build a competitive advantage for your business and then strengthen it to ensure its survival, growth and profit first (Barney, Hesterly, 2010). Sources of competitive advantage are classified into four categories:

- 1. The advantage of the product: having a better product than the competition obviously facilitates the sale seriously, if however, the selling company does not suffer from a handicap on the other variables of the marketing mix (price, advertising, distribution). However, we must not forget that it is the consumer, not the seller, who determines whether the product is better. The seller does not fail to affirm it, but it is the consumer who is the judge. It is their perception of the product that tells the truth and gives an advantage over the competing products (Barney, Hesterly, 2010).
- **2.** The market advantage: here we mean any advantage related to market control or privileged access to the market due to the location of the company or a particular distribution system. In

general, a large company has a market advantage either because it is able to offer a wider range of items to its customers and thus allows them to consolidate their purchases, either because it intimidates intermediaries and even final consumers via the branding effect (Barney, Hesterly, 2010).

- **3.** The price advantage: this advantage immediately comes to the mind of the consumer who prides himself on being rational and always buying the best product at the best price. In fact, few consumers buy products as coldly as they are influenced by the image of the product, its mark and walls by the seller. This price advantage can come from a momentary discount granted by the manufacturer or intermediaries: promotion price. It can also come from a low-price policy on the part of the desiring company increased its market share by this means because it considers that the buyer is too sensitive to the price. However, a company can maintain a long-term price advantage only if it has a cost advantage over the competitor (Xia, Monroe, 2010).
- **4. The time advantage of response:** "Time *is money*". The business world has rediscovered this saying; time is a factor of competitiveness. Some companies respond faster than others to changes in the marketplace or to customer demands (Proactive approach). Those who are able to react quickly give themselves a competitive advantage on several levels (Lacy, Rutqvist, 2016):
  - Product design and modification.
  - Production cycle: reduction of manufacturing time because the longer a product takes to be manufactured, the more expensive it will be
  - Inventory costs: inventories represent huge costs for the manufacturer and distributors. The company have to make the products well in advance without knowing if they will succeed in selling them.
  - Competitive Advantages which can be reclassified into two categories (Barney, Hesterly, 2010):
  - Value advantages: those that create a preference on the part of the consumer. A business
    exists because what it sells is valuable to consumers; otherwise customers would not
    buy.

 Operating benefits: those that lower the costs of production, distribution or service. While the value advantage allows the business to sell more and at a better price, the operating advantage lowers costs.

# Both benefits combine to increase profit. The competitive advantage is the basis of the profit triangle as per figure 1 below. It results from two policies (Laitinen, 2008):

- Marketing policy to create more value
- A productivity policy seeking the best possible efficiency of operations



Figure 1: The Profit Triangle (Muzir, 2011)

The trademark or registered trademark is a word, group of words, or a distinctive sign allowing the applicant (a person or a private company) to be able to make known, or to recognize, all the characteristics peculiar to their production. A brand is first and foremost a name with a message and values, but it is also specific identity signs (logo, packaging, design), according to skillfully studied mechanics. From the creation of its name to the emergence of its own values, through its many possible variations (graphic, sound) and its various messages, the brand defines the management (Casielles, Álvarez, 2007).

The brand is apprehended as a set of products or product lines that have the same name or the same identifier. All products covered by the same brand name provide consumers with information that determines the consistency of the category. For the consumer or buyer, the categories are a particularly convenient way to deal with the complexity of the commercial

offer. Brands that develop very wide ranges are indeed perceived and memorized as homogeneous sets (Casielles, Álvarez, 2007).

#### The main characteristics of the brand are:

- The brand must not be deceptive: It must not seek to deceive the public as to the provenance or quality, for example.
- The mark must be distinctive: Denominations must not be taken from every day operations or business language or designate a product or service.
- The brand must not be contrary to morality and public order.
- The mark must not refer to an earlier mark or denomination.

The brand creates both value for the consumer and for the company. The brand allows the buyer to **identify** and **distinguish** the product of a company among competing products. The brand is therefore an element of differentiation of the product but also a means of structuring and segmenting of the offering. The brand simplifies the task of consumers, especially for repetitive purchases; it basically promotes loyalty. The brand is a guarantee of quality, a kind of guarantee given by the company for the quality of its product. More precisely, it guarantees the consumer a uniform standard of performance, regardless of the place of purchase and the method of distribution. Buying a brand product is a way for the consumer to protect themselves against risk and reduce their uncertainty. The role of the brand is therefore particularly important when consumer involvement is strong. The brand also plays an important role when the consumer has difficulty in evaluating the performance of the product, especially for high-tech products such as hi-fi systems for example. This is how some brands are considered <u>Caution</u>-Brands (General Electric, Gervais, Danone, major pharmaceutical companies and others) or normal brands because they serve to guarantee the reliability, quality and origin of products as well as the expertise of designers and manufacturers (Louis Vuitton, Cartier, Toyota, Siemens and others) (Casielles, Álvarez, 2007).

The brand <u>facilitates</u> and <u>guides</u> the choice of consumers. The brand, which appears on the packaging, activates the memory of the consumer at the moment when he makes a purchase and allows him to base his choice on a past experience, personal or not. Between a Citroën Saxo and

a Peugeot 106, yet technically very close, there is the difference of meaning given by their brand image. Citroen evokes the technicality of the front wheel drive, the reliability of the 2CV. Peugeot is a higher caliber brand with classic products emphasizing solidity and comfort (Baltas, Saridakis, 2009).

The brand **values** consumers. Indeed, for so-called social status purchases, such as clothing, alcohol or luxury goods, the added value of the brand is essential. It values whoever wears it or consumes it. By buying a recognized brand, you run less risk of being criticized (Casielles, Álvarez, 2007).

The brand also creates value for the company. Like packaging, the brand allows you to customize the product and position the company on the market by conveying distinctive elements. The brand conveys the image of the company and contributes to the construction of the name recognition of the company in foreign markets.

#### The brand has **commercial value**:

- 1. The brand is a negotiable asset, either by selling the brand or by renting it.
- 2. The brand is a goodwill. Consumers are often attached to brands, rather than to the companies that make them.
- 3. The brand can sell more expensive. The consumer agrees to pay more for the qualities attributed to the brand. A Mercedes car is more expensive for its reputation for reliability and standing.
- 4. The brand image reflects on that of the company:
- It can develop a strong sense of belonging for the staff of a company. Most people are proud to work for a known and recognized brand.
- A strong brand helps recruiting communication by attracting the best candidates.
- A strong brand has an important influence on financial communication. The course of an action integrates the brand image (Casielles, Álvarez, 2007).

A brand evolves over time, so one can analyze one's past, present, and possible choices for one's future. In addition, a brand is dual: it was created, built, wanted by a company and it is received

and perceived by individuals. By studying what has been created, what is perceived, one can determine the latent potentialities. The evolution of a brand is based on several notions (Ibeh, Luo, Dinnie, 2005):

- The identity base: what founded the brand, its roots; often a product.

Ex: (Lacoste polo shirt, BIC pen)

- The physics of the brand: the impressions especially given by the products.

Ex: beefy "square" for Volkswagen

- Notoriety: it is a little more than the mere memory of a brand but much less than the image that it brings together representations and judgments of values. The brand awareness rate is the percentage of people, in a given audience who knows the existence of the brand and also knows its product category or economic sector.
- <u>The image</u>: it is the set of representations and associations attached by an individual to a product, a brand, a company, an individual.... The characteristics of a brand are: individuality, subjectivity, the selectivity, the relative stability of the perceptions it conveys. It can distinguish by different types of images: perceived, wanted and raw.
- The values, the personality of the brand: those that the brand is associated with.

Ex: Coca-Cola, the values of traditional America

Sony, technology and creative design

- <u>Style</u>: it's a distinction that aims to give a personalized "look" to the brand. It must be in accordance with the personality of the brand.
- <u>Brand territory</u>: the market (s) where the presence of the brand is legitimate for consumers.

There are two branding strategies: one by distributors and the other one by producers.

The branding strategies of the producers are eight (Ibeh, Luo, Dinnie, 2005):

1. The brand produces: It is a pattern uniquely assigned to each type of product manufactured

by the company. Each product is sold under a different brand. It associates a name and a specific

promise of a solution.

Ex: At Unilever: Skip, Coral

2. The brand line: It brings together under the same name products that cater to a particular

clientele and benefit from a specific promise. Have a brand by product line:

Ex: Toyota Lexus

3. The brand range: This is a brand used by a company to designate different products

belonging to the same family of products. A brand of range is a brand of a set of products that

have a link between them. All the products of a range brand have a link between them. Products

for the same market are sold under the same name.

<u>Ex</u>: Dove: soaps, shower gels, shampoos

**4.** The umbrella brand: it consists of assigning the same brand to different products in different

markets. It is a brand used simultaneously for a set of heterogeneous products. The products

thus benefit from the notoriety of the umbrella brand. It is a unique brand used for different

products. It is a brand under which is marketed a range of different products. It is therefore to

attribute the same brand to different products in different markets. It designates a brand that

includes other brands.

Ex: The Japanese group Mitsubishi: a brand affixed to cars, audiovisual devices, fertilizers,

chemicals, metallurgical parts, financial services.

**5.** The guarantee brand: This is the characteristic of a brand that by its notoriety and its image

authenticates the product. It is linked to several complex ranges of products, and comes in

addition to other brands to authenticate the product. A brand is added the deposit of a major

brand linked to several ranges. Ex: Gillette, Gel, Contour

25

**6. The distributor brand**: produces for the distributor (without brand or distributor mark).

7. The brand itself: it is a signature that involves its inventor, its creator, or the company that

puts a product or service on the market.

Ex: Yves Saint Laurent, Louis Vuitton, Cartier

8. The unbranded strategy (Gronholdt, Martensen and Kristensen, 2010): produce raw

materials

The **branding strategies of the distributors** are four (4) namely:

1. Generic products: It is a product of low quality, without mark and positioned in general

among the products first price. The generic product refers to the fundamental benefit that the

customer receives.

Ex: Flag mark created by Carrefour in the early 2000's

2. The brand signs: it is a brand containing all or part of the brand name of the point of sale

(retail brand). This is a distinctive sign of the sign allows to recognize the product.

Ex: Auchan, Cactus, Match

**3.** The specific brand: The distributor creates a brand of its own.

Ex: First Line of Carrefour

4. Counter Brand: This is an imitation of a leading manufacturer brand on the market in order

to create confusion in people's minds.

Ex: Bengali / Benga / Microline / Studioline / Koenenberg

26

#### 3.2 Conceptual framework: How Coca Cola works?

Coca Cola is Worldwide Company that works in almost all the countries in the world. The company has a globalization approach and is fulfill different market needs with regional strategies. The channel ecosystem boasts more 250 partners across the globe. Internally, Coca Cola is split into sub-regional entities with its bottling partners having independent behavior, all the meanwhile staying true to the Coca-Cola values and long aim strategies.

Although many consider their company to be simply "Coca-Cola", their system works through several local channels. The process of selling starts from the company's bottle factories, the main base has the full ownership of the brand and has the responsibility of carrying brand strategies. Coca-Cola partners carry the responsibility of shipping and selling the product. With the recent change in the channel ecosystem that partnership is dictated based on volume of sell-out. Coca-Cola partners across the world work with sub-distributors and mainly enterprise customers. Then the product is resold by sub-distributors. (Dhar, Chavas, Cotterill, Gould, 2005)

#### 3.3 Competition: A rivalry of production, distribution and service companies

Competition is a situation where several agents offer to sell substitutable goods or services. It is intensifying from year to year. It now comes from all kinds of players: international firms wishing to increase their sales in emerging markets; companies basing their activities on the Internet, looking for inexpensive ways to expand their distribution; private labels offering alternatives at lower prices; brand extensions using their strengths to cover new product categories (Nickell, 1996).

Today, rather than trying to understand only the customer, it is also essential to monitor the competitors. Competition drives companies to innovate and to permanently reduce costs, all to the benefit of the consumer. It pushes them to adopt various strategies to make a better playing field. There are several levels of competition that will be analyzed from the point of view of their ongoing activity and from the point of view of the market.

A **sector** is made up of all the companies that offer products corresponding to close substitutes. The activity sectors are classified according to the following criteria:

The number of suppliers and the degree of product differentiation: these two characteristics give birth to four types of structures: monopoly - oligopoly - monopolistic competition - pure and perfect competition.

Barriers to entry, mobility, and exit: they vary by sector. Barriers to entry generally arise from the need for significant capital, economies of scale, patents and licenses, the scarcity of raw material sites.

Cost structures: at the level of each sector, the nature of the strategies implemented reflects the costs.

Vertical integration: certain sectors require upstream and downstream integration (oil: research, drilling, refining, distribution). Vertical integration often leads to lower costs and greater control over added value. Prices and costs are easily manipulated at different stages of the value chain.

The level of globalization: certain sectors retain a national or regional dimension while others have a global activity (IT, aeronautics)

In addition to the analysis centered on the product, the study of the competition must be done in terms of needs and target customers. Taking into account market needs broadens the identification of current and potential competitors (Makowski, Ostroy, 2001). Michael Porter has identified five (5) strengths that collectively define the long-term attractiveness of a market or segment:

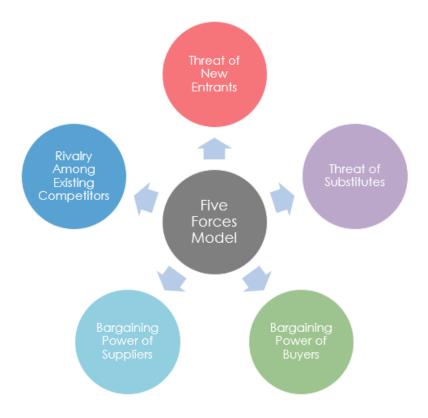


Figure 2: Porter's 5 forces Model (Bieling, 2003)

In figure 2 above, each force corresponds to a particular threat to the company:

- The threat linked to **new entrants:** a market where barriers to entry are low is a market which loses much of its attractiveness since it is penetrated at all times by powerful competitors. However, when entering the market requires a patent, privileged access to raw materials or heavy investment, the market is attractive.
- The threat linked to the bargaining power of **suppliers**: the more suppliers weigh more in terms of bargaining power, the more the market is less attractive. In fact, these suppliers will be able to increase prices, reduce the quantities and quality of the products sold as they please.
- The threat linked to **substitute products**: if there are current or potential substitutes on a market, it is considered to be less attractive. The substitute product indeed induces a limit to the price and therefore to the expected profits. The evolution of technology is therefore to be watched very closely.

- The threat linked to **clients** bargaining power: if clients have a disproportionately strong bargaining power, the market will be less attractive. In fact, the profitability of the sector will be affected from the moment when customers can play by forcing down prices, demanding ever-increasing quality and services, playing manufacturers against each other.
- The threat linked to **the intensity of competition:** a market is not very attractive if it is already invested by a large number of powerful and aggressive competitors. The situation is even more delicate when the market is stagnant or in decline, high exit barriers, high fixed costs (Bieling, 2003).

It may seem easy to identify the competitors. However, it should not be forgotten that the real competition is much broader. It will therefore be necessary to integrate potential competitors, new technologies, substitute products. Once the main competitors have been identified, it will be necessary to analyze their characteristics by taking a closer look at their strategies, objectives, strengths and weaknesses. Michael Porter's 5-force model captures competitive conditions in an industry; makes it possible to realize that beyond the competitors, other actors constitute a pressure or a danger. It is therefore a question of going beyond one's universe to see the danger coming from further away (Berry, Reiss, 2007).

#### Competition parameters are as below:

- Is the activity growing?
- Are the competitors concentrated?
- What is the relative importance of the leader?
- Are there possibilities of understanding between competitors?
- Different types of barriers to entry
- Technical barriers
- Financial barriers
- Trade barriers
- Barriers due to scarce resources
- Regulatory and legal barriers
- Parameters of the influence of substitute products

- Do they improve the quality / price ratio?
- Are they changing the whole sector?
- Do they improve the final profitability of the customers' product?
- Assessment of clients' power of influence
- Are customers focused?
- Is the use of substitute products open to customers?
- Are there threats of upstream integration?
- Is loyalty strong?
- Are customers well informed?
- What are the transfer costs in the event of a change?
- Assessment of suppliers' bargaining power
- Are suppliers concentrated?
- Is the sector the main customer of these suppliers?
- Are there threats of downstream integration?
- What are the transfer costs in case of change of suppliers?
- Are suppliers products differentiated?
- Is there a shortage of supply?

The best way to anticipate is to identify all the competitors (existing or potential), and put yourself in their place by doing an internal analysis of each of them. By combining information from the analysis of existing market data and competitive analysis, we have a good idea of how competitors are likely to act and we then know whether it is wise to reconsider the situation (Salvioni, 2005).

#### 3.4 Segmentation

A company cannot please all of the potential buyers in a market, because they have different needs, purchasing habits and consumption. In addition, they are generally too numerous and geographically scattered. Segmentation consists of cutting up a market into homogeneous subsets linked to the expectations of customers and prospects of a company; to offer a fully or partially specific commercial policy to one or more observed segments: an adapted range, a

different marketing, a different communication or a specific change in the concept of pricing (Wedel and Kamakura, 2012).

In general, rather than marketing its products in all directions, a company must seek the segments to which it can address effectively. This therefore requires a better understanding of consumer behavior (McDonald, Christopher and Bass, 2003).

#### The implementation of targeting marketing requires a three-step approach:

- 1. Segmentation
- 2. Targeting
- 3. Positioning

Dibb and Simkin (2008) state that is that the customers are not alike and that the ideal would be to be able to propose to each of them a commercial offer tailored to their expectations.

The segmentation starts from a surveyed population and seeks to form homogeneous groups by the introduction of successive variables. The most discriminating variable is identified and makes it possible to carry out a first division of the range, hence the segmentation tree. However, this method is replaced by another which is mainly composed of pre-established criteria (turnover or other, geographic ...) and whose main advantage is to reinforce the efficiency of the commercial offer which is then addressed to well identify targets.

#### The segmentation process generally goes through 5 stages:

- 1. The definition of the market
- 2. Identification of segments
- 3. Establishment of segment profiles
- 4. The choice of target segments
- 5. The use of marketing mix variables to reach the selected segments

Indeed, according to Yankelovich and Meer (2006) the segmentation approach is opposed, in principle, to mass marketing. The different levels of segmentation are:

- **Segmented marketing**: as opposed to mass marketing, it is based on the differences between certain consumer groups and others. The company strives to classify customers into homogeneous units of analysis. A segment is a group of customers who share the same desires regarding products.
- Niche marketing: here, the targets chosen are very specific and small. A niche is a narrow segment with specific needs. If customers are willing to pay a high price for a product that precisely meets their expectations, the company then reduces its costs by specializing; the niche is then considered attractive. It offers potential for profitability and growth for the company.
- Personalized marketing: here, each customer is unique and deserves to be treated separately. In this case, the company no longer needs prior information about the wishes of the market. It offers a platform of choice to customers who select the characteristics of their products or services from a set of options offered on different attributes, components, delivery conditions.

Ren and Malik (2003) also mention that segmentation criteria vary depending on the market. Thus, in consumer markets, the segmentation is done as follows:

#### 1. Geographic criteria:

- Region (North, North-East, South-West ...)
- Type of habitat (Rural, urban, city center ...)
- Urban areas (less than 2000 inhabitants, more than 5000 inhabitants ...)
- Climate (southern, oceanic, ...)

#### 2. Sociodemographic criteria:

- Age (less than 6 years, more than 18 years ...)
- Sex (male, female)
- Household size (1, 2, 3, ...)
- Family life cycle (young, single, married without children ...)
- Annual income per Year (Less than 10000 dollars, between 10000 and 25000 dollars...)

- Socio-professional category (farmers, service employees, managers ...)
- Education level (no diploma, Bachelor, Masters, ...)
- Religion (Christian, Muslim, Jewish ...
- Nationality (English, Senegalese, British, Lebanese, ...)
- Economic and social class (Rich, upper average, lower average, poor)
- Generation (baby boomers, generation X, Y ...)
  - 3. Psychographic criteria:
- Lifestyle (egocentric, activists ...)
- Personality (authoritarian, introverted, ...)
  - 4. Behavioral criteria:
- Purchase situation (special, ordinary, ...)
- Benefits earned (economy, convenience, prestige ...)
- User status (non-user, heavy user, ...)
- Level of use (small, medium, large)
- Brand loyalty (zero, medium, strong)
- Relation to the product (does not know it, is informed about it, is interested in it ...)

As for the segmentation of the business-to-business markets, it is done according to 5 headings:

- 1. Attitude towards the customer, loyalty, etc. ...
- 2. Urgency of the order, application, size of the order
- 3. Organization of the purchasing function, hierarchical structures, buyer-seller relationship, general purchasing policies, purchasing criteria
- 4. Company technology, use of a product / brand, customer capacity
- 5. Industrial sector, size of company, geographic location of client

To determine the strategic activity areas of a company, a strategic segmentation is carried out. Strategic segmentation is a fundamental preliminary step to strategic diagnosis. Each segmentation can be the subject of an external and internal diagnosis. The idea of strategic

segmentation led to the concept of activity portfolio which brings together all of the strategic activity areas or strategy center or homogeneous activity groups.

However, strategic segmentation should not be confused with marketing segmentation. The **strategic segmentation** concerns the company's activities taken as a whole; it aims to divide these activities into homogeneous groups which come from the same technology, the same markets, the same competitors; it makes it possible to reveal opportunities for the creation or acquisition of new activities and the needs for the development or abandonment of current activities; it causes changes in the medium and long term. It is based on a triplet: product (need), market (clientele) and technology used. This involves grouping together products with common characteristics, that is to say using the same technology, having the same competitors and fulfilling the same needs (Roy, 2000).

The **marketing segmentation** in turn relates to a company's industry; it aims to divide customers into groups characterized by the same habits and the same purchasing behavior; it makes it possible to adapt products to consumers, to select privileged targets, to define the marketing mix; it causes changes in the short and medium term (Martin, 2011).

#### 3.5 Targeting

According to Schlegelmilch (2016) marketing target is a set of potential buyers and actors, who are seeking to conquer or retain through marketing actions after having achieved a segmentation. This is the subject of a targeting policy.

Targeting therefore consists in assessing the relative attractiveness of each segment and choosing those on which the company will focus its efforts. This process involves several stages:

- Assess the relative attractiveness of each segment of the population where there is potential demand; and of each type of product and service that can be offered to these segments
- **Choose** those on which the company will focus its efforts, consistent with its objectives, skills and resources.

- Set up the operations necessary to **reach, conquer or retain** each target, and in total make the most of them in terms of business volumes, market share, and profitability.

Targeting is one of the new tools of economic influence aimed at guiding individual choices (and collective via groups of individuals) through behavioral marketing, it poses in particular emerging problems such as (Dobni, Dobni, and Luffman, 2001):

- The increased risk of **manipulation** of vulnerable groups and people : children, the elderly, the mentally handicapped, people in debt
- The increased and increasing risk of intrusion into private life
- The risk of **misappropriation of data** concerning the privacy of individuals, or concerning centers of interest, purchases, etc. associations or groupings which could possibly be thus monitored or guided by totalitarian states, mafias, sects, unfriendly competitors, etc.

The authors also highlight that "who should we serve?" is a question that every business must ask themselves regularly. Customers often differ greatly depending on their needs. They also differ in terms of the value they can bring to the business. Companies must be selective in targeting segments if they want to develop effective relationships with customers. Adapting clients to business capabilities is vital.

#### 3.6 Positioning

In this work Sengupta (2005) discusses that no brand can impose itself on the market with products or services that resemble all the others. It must define a positioning based on one or more distinctive axes. Positioning and differentiating its offer consist in ensuring that a product is associated with a precise and rewarding idea in the minds of targeted customers.

Positioning consists of designing an offer adapted to the chosen target and developing the corresponding marketing mix. Positioning is the choice of attributes providing offers (products or brands) with a credible, different and attractive position within a market and in the minds of customers. It takes into account all the offers and registers the marketing strategy as a business

strategy if the organization must call upon a limited number of trades (areas of strategic activities). The positioning of an offer helps, not surprisingly, to sell better on given segments of the market by differentiating or on the contrary by substituting competing products.

The positioning is the stage following that of logically determining the strategy segmentation. This strategy distinguishes different audiences on a market and targets those that the company wants to address in particular. Positioning is the next and complementary step in the construction of a marketing strategy because it reflects the way the company wants to be perceived by the target audience.

The positioning reflects a choice to renounce certain customers and certain positions on the market to make its offer more attractive and stronger with other customers in another part of the market (Fuchs and Diamantopoulos, 2010).

Positioning seeks to make the offer permanent in the mind of the customer. However, changing customer perception is very costly; it is therefore better to adapt to it. In other words, positioning is often constrained. A positioning is perceived in communication or advertising, but it is in all the dimensions of an offer that the customer perceives that positioning must act.

Positioning therefore creates a universe of reference, or is inserted into it, by innovative and differentiating values (aesthetic, functional, technical, philosophical, semi-logical, ergonomic, marketing ...). The offer must be perceived as credible, different and attractive in the minds of customers compared to those of competitors. The message should be clear, simple and concise.

Dumitrascu (2014) states that the positioning allows customers to identify an offer to a product category or universe of reference and to differentiate this offer from that of competitors. The **golden triangle of positioning** makes it possible to synthesize and validate a positioning while ensuring that the chosen positioning:

- 1. Meets the expectations of the target audience: attractiveness
- 2. Match potential audience strengths: credibility
- 3. Distinguishes itself from the positioning of competitors: difference

There are many axes of differentiation:

- Positioning on product attributes and performance (ex: Duracell batteries last longer)
- Positioning on the imaginary of the product or the brand (Ex: Vitell gives you vitality)
- Positioning on the target **audiences** (e.g. Kiri is children's cheese)
- Positioning on a **mode of use** or consumption situations (Ex: Coca Cola is the drink with fast food).

According to Pechmann and Ratneshwar (1991) good positioning is simple, **clear and concise:** An overly complex positioning is unlikely to be retained by customers and is difficult to communicate between marketing departments. Ideally, a positioning should be able to express itself in a sentence in which each word must be weighed. However, this sentence should not be confused with a slogan which is an advertising expression.

Good positioning is **attractive**, **credible and unique**: in these fund conditions, we find the positioning triangle.

A good positioning is **economically profitable:** an economic potential, sufficiently substantial for the company must be by opting for a positioning on a market.

Good positioning must be **sustainable**: it takes time to assert a positioning in the mind of the customer and to modify it is a very delicate business.

There are four positioning strategies:

- 1. **Imitation strategy**: here, it is a matter of occupying the same place as a competing product.
- 2. **Differentiation strategy**: here, it is a question of adopting an original positioning, apart from the competition.
- 3. **Niche strategy**: here, it is also a question of choosing an original positioning, away from the competition by an action on differentiation, representing a weak but untapped market potential.

4. **Innovation strategy**: here, it is a question of launching a product on a market segment in order to fill a vacant place. We are looking for an answer to an expectation not satisfied by the competitors (Kalafatis, Tsogas and Blankson, 2000).

Moreover, Sengupta (2005) confirms that positioning therefore plays a pivotal role because it links market, competition and internal analyzes to the company. He states that from these three analyses results a positioning proposal which will allow a company to answer the following questions:

- 1. **What is our product and / or service?** (define and understand the relationships between market products)
  - Comparison to be established between the product and / or service and the competition's offers on specific elements
  - Correspondence between the performance of the product and / or service and the needs and expectations of consumers
  - Expected consumption level
- 2. What do we want it to become? (identify market opportunities)
  - Segments to target
  - Redefinition (repositioning) of existing products
  - Elimination of products that do not meet the needs of consumers
- 3. What actions need to be taken for us to get there? (make marketing mix decisions to anticipate or respond to competitive movements)
  - Distribution strategies
  - Price strategies
  - Communication strategies (targets, messages, means of communication)

#### 3.7 Customer satisfaction

A well-designed marketing orientation relies on close relationships with customers to inform and involve them in the process of building the offer. It's about making customers the central concern of the company.

According to Bergman and Klefsjö (2010) satisfaction is the positive or negative impression felt by a customer with regard to a purchasing or a consumption experience. It results from a comparison between its expectations with regard to the product and its perceived performance. In today's competitive world, customer satisfaction is the key to success. It is therefore necessary to have tools allowing to objectively identify the needs, to assess the satisfaction and to follow the progress made in the customer relationship. In today's competitive world, customer satisfaction is one of the keys to a company's success, demonstrated by below facts:

- 1. A lost customer is first and foremost a loss of image for a company: they say that a dissatisfied customer talks to ten people about it, a satisfied customer to three.
- 2. It is then a financial loss corresponding to the value of current, close or future compromised contracts because of this dissatisfaction.
- 3. It is an additional expenditure, in time and money, to find new customers.
- 4. Finally, there is the cost of dealing with customer dissatisfaction, such as:
  - Cost of returns, discounts, material replacements generated by this dissatisfaction.
  - Costs of handling complaints, conflicts, trials ...

The economic and financial stake of customer satisfaction is therefore considerable: it represents a significant percentage of a company's turnover. Customer satisfaction must therefore be one of the priorities. Customers increasingly want suppliers to take their opinions into account.

A customer searches among the products and services for those that provide him with maximum value. When the product or service purchased actually delivers the expected value, the customer

is satisfied. Satisfaction therefore depends on the quality of the offer offered (Anderson, Fornell and Mazvancheryl, 2004).

However, satisfaction is not an end in itself; it is a way to foster loyalty. Gronholdt, Martensen and Kristensen (2010) mention that in general, a satisfied customer remains more loyal to the supplier, buys more products from him, is less price sensitive, pays less attention to competitors, suggests ideas for innovations and spreads positive word of mouth on the market.

Companies need to regularly measure customer satisfaction and the factors that influence it. Several methods are used:

- 1. **Suggestions and complaints**: inviting customers to make suggestions and criticisms show that a company is customer-oriented.
- 2. **Satisfaction surveys**: these barometers are generally based on a questionnaire administered by post, e-mail or telephone. Through this questionnaire, respondents are asked to express their opinion on the last service or product consumed.
- 3. **The mystery shopper**: common technique in services and distribution, it consists of calling on someone to play, incognito, the role of the client by asking him to note all the impressions, positive and negative (Bowen and Chen, 2001).

# 3.8 Customer loyalty

Uncles and Dowling (2003) mention that making customers the central concern of the company means satisfying it through reflection on value and quality in order to intensify the relationship with them and build loyalty.

Loyalty is a deep commitment to buy or frequent a product or service again despite situational factors and marketing efforts likely to cause a change in purchasing behavior. There are two different loyalties:

- **Behavioral loyalty:** it consists in buying the same brand several times.
- Attitudinal loyalty: it is based on a deep attachment to the brand.

However, according to Ndubisi (2007), there are two ways to keep customers:

- It is necessary to **erect costs of changing suppliers**: customers then hesitate because of the financial costs involved, the time required to collect information and the loss of loyalty benefits.
- **Customers** must **be made extremely satisfied:** the customer remains loyal for longer buys and recommends products to those around them and is less sensitive to competition and price. Also, it costs less due to the automation of transactions with it.

In their book Griffin and Herres (2002) state that to build customer loyalty, investment is needed. Five levels of relationship must be distinguished:

- 1. The **basic** level: the seller sells the product but never contacts the buyer again.
- 2. The **reactive** level: the seller encourages the buyer to contact him for any possible problem.
- 3. The **responsible** level: the seller phones the customer after the purchase to check if the product satisfies him. Any suggestions for improvement or dissatisfaction are recorded.
- 4. The **proactive** level: the seller calls the customer from time to time to inquire about his reactions and suggestions regarding the use of the product.
- 5. **Partnership**: the company is in constant contact with the buyer to help him improve his productivity.

Companies set up loyalty programs as they evolve. These programs are intended to build customer loyalty: reward customers who buy often and a lot. It can be distinguished from loyalty programs (Berman, 2006):

- 1. Ways to build loyalty and build strong relationships with customers are:
  - Financial incentives: clubs and loyalty programs are more commonly used. Clubs are opportunities to build relationships with and between customers. Thus, membership of a club is obtained upon purchase of the first product or against payment of an entry fee. Loyalty programs are easy to imitate.

- Social incentives: we get closer to customers by individualizing the relationship with them. All contact is personalized.
- Structural links: here, it is a question of equipping its customers with devices which make it possible to place orders automatically, manage invoices, etc.
- 2. Having a good portfolio of customer segments, attracting the right customers, offering a product or service with different levels of quality and offering high levels of satisfaction are a solid foundation for creating customer loyalty (Yi and Jeon, 2003).
- 3. Building the foundations of loyalty
  - Segment the market to match the capabilities of the business with the needs of the client
  - Be selective in acquiring new customers who adhere to the company's products
  - Manage the customer base by level of service
  - Deliver quality service
- 4. Create loyalty links
- 5. Build high level links (social, structural, commercial)
  - Reward loyalty (financially, not financially)
  - Deepen relationships
- 6. Reduce the factors of failure (Lacey and Sneath, 2006).
  - Construct failure diagnosis and monitor problem customers
  - Consider the main failure factors
  - Establish an effective complaint measurement system and a service restoration procedure
  - Increase the costs of change

Yi and Jeon (2003) state that the degree of loyalty is measured in different ways depending on the stage the company is in its customer relationship management process. During the customer acquisition phase, this measure relates to transactions. In the loyalty phase, it focuses more on the relationship based, among other things, on the customer satisfaction index. Profitability is therefore assessed according to the share of the portfolio. At the stage of strategic management of customer relations, the criteria of value for the customer are assimilated to those of the company; the measurement of its fidelity is therefore closely linked.

#### **4 Practical Part**

After literature review, the second step of thesis was practical implication by questionnaires, interview and data collected from sales managers of Coca-Cola which will be interpreted to show the impact of that strategy, then conclusion and recommendations will be given based on the results.

#### **4.1 Problematic Concerns**

With today's recent market trends and advanced technology, many companies are able to keep up with the increasing demands. Many new entries present threats to companies such as Coca-Cola, which in today's market is labeled not healthy. In 2013, Coca-Cola introduced a new strategy in Western Africa that has boosted the sales and revenue for the company, whereas Western Africa became the second top selling region for Coca-Cola worldwide.

## 4.2 Questionnaire design and distribution

Before the questionnaire was made, all the information was collected based on literature research. The final version of the 1st questionnaire contains 4 questions and the final version of the 1st questionnaire contains 2 questions. The use of only closed questions was to shorten the time necessary to fill in the questionnaire and to make the data statistics easier to analyze, present and comprehend. The questions were generated for respondents who lives in Ghana and shared via Link for google form. The 1st questionnaire was for any individual living in Ghana and is a consumer of Coca-Cola (this was confirmed beforehand) and the 2nd questionnaire was shared only with employees of the Coca-Cola Company in Ghana (shared to team leaders who shared with their team members). Collected data was processed by analytical tool of Googles Docs web service.

# 4.3 Structure of respondents of Questionnaire and Data Collected

Questionnaire 1:

Ghanaian respondents were contacted based on below structure through social media platform (Facebook):

	Living in Ghana for at least 3	
Questionnaire 1	years	Age
		41 between 19 and 30 years
	45 respondents	old
		19 between 31 and 60 years
	17 respondents	old
Total	62 respondents	62 respondents

<u>Table 2: Questionnaire 1 Structure of respondents</u>

Source: Personal research (2019-2020)

The purpose of this question is to find out the age structure of the respondents and to make sure that the respondents have lived in the country for 3 years and are aware of the choices that are available in the country when it comes to non-alcoholic beverages. The total amount of respondents was 62. Most of the respondents are from the age 19 to 30 years old (45 in total) and the rest (19 in total) are between 31 and 60 years old. The focus on the younger generation is due to the fact that the younger generation is more dynamic and interested in such beverages.

The figure 3 represents the amount of consumption by the respondents:

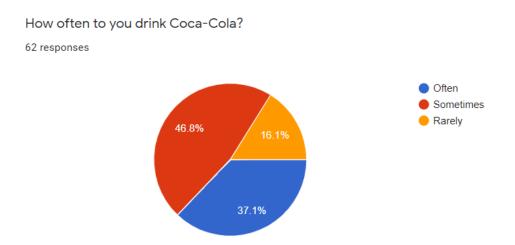


Figure 3: Consumption of questionnaire respondents (2019-2020)

The reason why this question was asked is to find out the consumption of the respondents. The respondents had 3 choices (Often, Sometimes, Rarely). It can be seen that the majority of the respondents are in the category who drink Coca-Cola sometimes (46.8%), which was quite impressing is that there was a big portion of respondents who drink Coca-Cola often (37.1%), from this can be seen that there is a high dependency among respondents on the consumption of Coca-Cola.

The figure 4 represents the response seen or felt for the importance of loyalty for Coca-Cola:

Do you feel that Coca-Cola places loyalty first? (Can be loyalty to the flavor or the trademark)



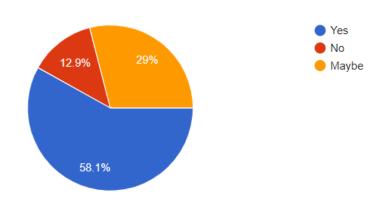


Figure 4: Importance of loyalty for Coca-Cola (2019-2020)

The reason this question was asked is to understand if Coca-Cola places loyalty as a priority. Majority of the respondents agree (58.1%), minority disagreed (12.9%) and the rest said maybe (29%). Based on the majority of respondents' choice of answer, it was noticeable that Coca-Cola places loyalty first.

The figure 5 represents impact of Coca Cola's brand and name on respondents' behavior:

Is one of the reasons you are choosing Coca-Cola instead of other alternatives is because of the name and brand?

62 responses

Yes, I consider the name and brand among the reasons I choose Coca-Cola instead of other alternatives

No, I do not consider the name and brand among the reasons I choose Coca-Cola instead of other alternatives

74.2%

Figure 5: Impact of Coca-Cola's brand and name on respondents' behavior (2019 2020)

The reason this question was asked is to understand the impact of Coca-Cola's brand and name on the customers' behavior when it comes to purchasing non-alcoholic beverages. The majority of the respondents chose yes that they consider the name and brand among the reasons they choose Coca-Cola instead of other alternatives (74.2%) and the rest chose no (25.8%). The answers of the respondents prove just how important are the name and the brand for Coca-Cola.

The figure 6 represents the impact of the notoriety of the Coca-Cola brand on the loyalty of the customers

Is the notoriety of Coca-Cola one of the reasons you consider yourself loyal to being it's customer?

62 responses

Yes
No
I'm not a loyal Coca-Cola customer

Figure 6: Impact of the notoriety of the brand on the respondents' loyalty (2019-2020)

The reason this question was asked is to understand if the notoriety of Coca-Cola can be considered a reason for the loyalty of its customers. The majority of the respondents chose yes (54.8%), the minority do not consider themselves loyal Coca-Cola customers (17.7%) and the rest do not agree with the statement (27.4%). It can be deducted from the answers given by the respondents that the notoriety of Coca-Cola can be considered a reason for the loyalty of its customers.

#### Questionnaire 2:

Questionnaire 2	Coca Cola sales rep	Coca Cola team lead	Total
Total	24	6	30

<u>Table 3: Structure of respondents for questionnaire 2</u>

Source: Personal research (2019-2020)

The reason this structure is existent is because of the setup of Coca-Cola in Ghana. The 6 team leads are managing the 24 sales reps who responded to this questionnaire, each sales rep belongs to a particular team. The purpose of questioning Coca-Cola employees is to understand the perception of the sales strategy from within the company in discussion (Coca-Cola). The majority of the respondents are sales rep (24) and the rest are team leaders (6).

Figure 7 represents the impact of Coca-Cola brand strategy introduced in 2013 on the achievement of the sales reps in Coca Cola Company in Ghana:

Has the change in Coca Cola's brand strategy in Western Africa(Ghana included) had a direct positive impact on your achievement?

30 responses

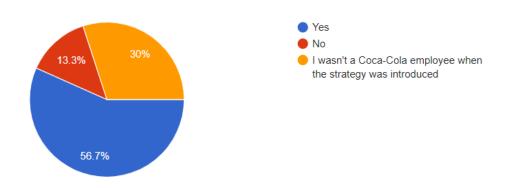


Figure 7: The impact of Coca-Cola new brand strategy on Sales reps achievement (2019-2020)

The reason, this question was asked, is mainly to find if the introduction of a new brand strategy in Coca-Cola had a direct positive impact on the achievement of the sales reps that were working in the company in that time. The majority of the respondents chose Yes (56.75), the minority chose No (13.3%) and the rest were not Coca-Cola employees when the strategy was introduced. It can be deducted that the new brand strategy had a good impact on the results of the employees.

Figure 8 represents ease of job and KPI achievement due to quality of sales management of the sales reps:

Have you felt that the quality of your sales management in the company has facilitated your job in general?

30 responses

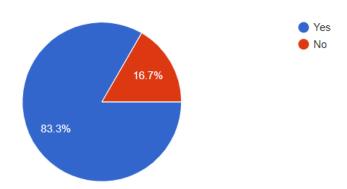


Figure 8: Ease of job and KPI achievement due to quality of sales management (2019-2020)

The reason this question was asked is to understand if the quality of sales management in Coca-Cola Company dictates the easiness of doing the job and achieving KPI's for the employees. The majority of the respondents agreed (83.3%) and the rest disagreed (16.7%). It can be deducted from the answers to this question that it is true that the quality of sales management in Coca-Cola Company dictated the easiness of doing the job and achieving KPI's for the employees.

# 4.4 Data from sales managers in Coca Cola

Data from the Coca-Cola sales managers was provided by the Hub management and approved by the Hub director. Information was approved only to be shared for the purpose of the research of this thesis. The reason that this data was collected is to understand further the impact of the new brand strategy introduced by Coca-Cola in 2013 on the sales achievement and general outcome of sales.

Below table represents the growth of sales of Coca Cola between the year 2012 and 2017

Table	Of	Sales	Year	Year	Year	Year	Year	Year
Growt	1		2012	2013	2014	2015	2016	2017
By %			2%	32%	28%	18%	16%	16%

Table 4 Coca-Cola sales growth (2012-2017)

This data was collected because the sales growth is one of the important aspects for sales representatives' achievements in Coca-Cola. It can be noticed that there was a huge spike in the year 2013 where the increase jumped from 2% to 32% which confirms that the brand strategy definitely had a direct impact on the positive growth. The growth was existent in the year 2012 at 2%, then jumped to 32% in the year 2013 then slowly declined but remained positive in the year 2014 at 28% then 18% in the year 2015 to 16% in the year 2016 and finally stagnated at 16% in the year 2017. The data for the year 2018 and 2019 has not been made available yet to the public.

Ghana Average Sales team Sell-out	Year	Year	Year	Year	Year	Year
achievement vs Quota	2012	2013	2014	2015	2016	2017
Ву %	91%	128%	115%	108%	106%	102%

Table 5 Coca-Cola Sales Team Achievement (2012-2017)

This data was collected basically to find out the impact of the introduction of Coca-Cola brand strategy in 2013 on the respective quota achievement of the sales teams in Coca-Cola. The percentage illustrated in the table represents the average of the entire teams' sell-out achievements per year. It can be noticed that before the year 2013 the teams in general were underachieving their yearly quota by 9% but since 2013 till 2017, every year the teams has managed to overachieve their quotas with 2013 being the best year for the sales team (128%), followed by 2014 (115%) then 2015 (108%) then 2016 (106%) then 2017 (102%) where the teams managed to overachieve by a slim 2%. What can be deducted from this data is that the impact of the introduction of the new Coca-Cola brand strategy in 2013 has had an excellent outcome on the respective quota achievement of the teams in Coca-Cola Ghana.

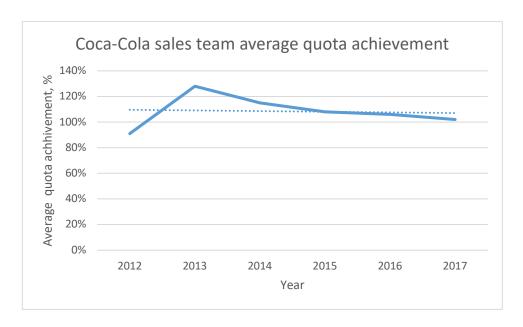


Figure 9: Coca-Cola sales teams average quota achievement (Coca-Cola Ghana, 2012-2017)

This graph illustrates the data that was in Table 3. The reason for the use of this graph is to illustrate the impact of the brand strategy introduced in the year 2013 on the quota achievements of the sales team in Coca-Cola for years to come where the sales team has overachieved every year since.

# 4.5 Interview with Coca-Cola Sales Managers

1. **Question:** What's the major change between the year 2012 and 2013 in Coca-Cola Ghana?

**Answer:** In 2012, there was a lot of concerns about our hub in Ghana since the sales were low and no progress was visible to our management worldwide. Hence a new branding strategy was introduced in 2013. Briefly it consisted of 3 main focus areas:

- Demonstrating loyalty to the trademark and choosing loyalty as the core of the marketing division.
- Investing and focusing on partnering with enterprise companies using online demo simulation of the impact that Coca-Cola can have on a company's long-term plans for example: McDonalds in Ghana.

- Showcasing of benefits of Coca-Cola channel programs in Western Africa.

The reason this question was asked is mainly due that this strategy was mentioned in previous questionnaires. The cores of this strategy were given by the Coca-Cola employee who was interviewed.

2. Question: Since you were not an employee of Coca-Cola before 2013, how was Western Africa and specifically Ghana seen by the Coca-Cola management? Answer: When the sales in Coca-Cola Western Africa were low and mainly under-achieving, no-one realized the potential that would come from such a dynamic population when it comes to beverages, especially with the climate situation that pushes the consumer towards products like Coca-Cola. We had to choose 1 main prioritized topic and build a new branding strategy around it. In our case it was loyalty and enriching our channel ecosystem.

This question was asked to understand how the situation in Coca-Cola was before 2013 and the reason behind the decision to introduce a new brand strategy. The answer proves that the achievements were and the satisfaction of the worldwide management was low as well.

3. **Question:** Can you confirm that the reason behind the spike in sales in 2013 was mainly due to the new branding strategy and the increase of attention on customer relationship management?

**Answer:** I second that and I would add that from a customer relationship perspective we were giving proper attention to our big customers such as McDonalds and Subway which pushed the public to believe in the image of loyalty that we tried to portray with the brand.

This question was asked to get the perspective of the sales manager on Coca-Cola's approach to customer relationship management. The answer provided proves the important of customers' relationship management especially with key accounts.

4. **Question:** Briefly, in your humble opinion, if a more modern branding strategy was implemented in 2021 by Coca-Cola, do you think it would have good impact on customer relationship management?

**Answer:** Indeed, the answer to this question depends on the success of the approach, mainly if the strategy is successful, the impact will no doubt be positive on the customer relationship management since sales will spike again.

This question was asked to hear about the point of view of the sales manager in Coca-Cola on the outcome of a new branding strategy in today's market. The answer provided proves that a branding strategy will have an impact nonetheless in today's market and in the short future term.

## 5 Discussion and recommendations

## 5.1 Interpretation of results and discussion

Below assumptions (H1, H2, H3, and H4) were proved to be correct by the questionnaires, the sales managers' data and the results of the interview conducted:

#### § H1: Longevity-oriented companies place customer loyalty at the forefront of concern.

As per 1<sup>st</sup> questionnaire, 58% of the respondents found that Coca-Cola places customer loyalty as a top priority against 29% who were not undecided and only 12.9% against this concern. This is considered a success of this brand strategy and this hypothesis. Since Coca-Cola has cared about the loyalty of its customers throughout the years, this has been key in its consistency and calling it one of the longevity-oriented companies in Western Africa.

#### § H2: Brand awareness as well as a brand name is a competitive advantage.

As per 1<sup>st</sup> questionnaire, 74.2% of respondents has found that they consume Coca-Cola instead of other alternatives due to the name and the brand against 25.8% who don't. The voters' response proves that a well-known name such as Coca-Cola attracts the customers because they know this brand and the name and they trust.

# § H3: The quality of the sales organization facilitates both the management of the customer relationship and the promotion of brands by sales representatives.

As per the 2<sup>nd</sup> questionnaire, 56.2% of Coca-Cola sales reps believe that the change in Coca-Cola strategy in 2013 has had a positive impact on their sales achievement, with 30% not being employed back then and 13.3% believed in a negative impact on the sales achievement. Overall, these numbers prove that change in Coca-Cola's brand strategy that was introduced in 2013 has brought success to the sales team KPI.

In addition, 83.3% of the employees believe that their management has facilitated the easiness of their job in general against 16.7% who don't.

It can be concluded from the above 2 points that in overall the quality of the sales organization dictates the easiness or complexity of the management of customer relationship and the promotion of brands.

#### § H4: Customer loyalty also passes by the notoriety of a brand.

As per 1<sup>st</sup> questionnaire, 54.8% of Coca-Cola consumers responded that the notoriety of the brand is one of the reasons they are loyal clients against 17.7% who don't agree and 27.4% who aren't loyal customers to Coca-Cola. The response in this case proves the importance of the notoriety of the brand to earn customer loyalty.

To answer the research question: How did the Coca Cola brand consolidate the customer relationship in the Ghanaian market?

Mainly Coca-Cola focused on the word loyalty, the company's management have portrayed the company consistency over the years and keeping up with the latest market trends as a strength that relates to the loyalty of its customers. With the use of loyalty as a focal point, surveys were distributed to important enterprise customers and proper follow up with the right marketing which increased the number of bigger sales in which the smaller sales from shops and supermarkets followed. The importance of forecast was finally realized and consistency that has kept Coca-Cola's name in the market was brought into the sales management organization.

#### 5.2 General recommendations to Coca-Cola Western Africa

Based on the research done and previous discussion, general recommendations are given below to Coca-Cola Western Africa:

1. The sales force policy is an essential element of the marketing strategy and therefore of the general company policy. It should start with an in-depth analysis of its situation by studying the internal and external environment. The Coca-Cola branding model would allow the company to compare its weaknesses and strengths with threats and opportunities that can be hunted by sales employees. This allows the company to identify its long- and medium-term goals and therefore

its objectives. After all this, the concrete implementation of the company's strategy met the immediate needs of consumers.

- 2. Regarding the recruitment and training of salespeople, this is a very important step because the selection of the best salespeople (high initial training level, aptitude to practice the sales profession) is essential for its future. All of the firm's competitiveness and survival depend on its representatives. Therefore, the below should be checked:
  - The qualities of a good sales representative: diplomas from management or engineering schools; bachelors with 4 years minimum; professional experiences
  - Physical qualities: young (look for graduates with motivation and intent); clothing aspect (total cleanliness and consistency in clothing to give a good image of the company); great dynamism
  - Moral and intellectual qualities: sociability and taste for contact (meeting people, conducting a conversation with them, recording their proposals, listening to them with respect and interest); great self-confidence (ability to make proposals at any time, to obtain orders); initiative and autonomy (decision to be alone, taking responsibility); intelligence (curious and observational); patience (being able to lead long discussions, having a taste for risk and sacrifice); empathy (ability to identify with other people, to be in their place, to feel what they feel to understand their needs and expectations as well as their concerns); sense of organization (manager and planner)
- 3. Sales techniques are a set of methods to increase sales for the salesperson. With the competition becoming more and more stiff, the consumer becomes more and more demanding: it is he who does the marketing now. Regular training in sales techniques and negotiation would therefore be ideal for sharpening or upgrading certain knowledge. These training sessions should be held periodically in order to follow the development of each salesperson for better profitability.
- 4. Price is the only variable in the marketing mix to bring income to the business; the others constituting sources of expenditure. Easily and quickly modifiable, it communicates the desired positioning to the market. Today, customers are complaining more and more about the new

prices applied by Coca-Cola in respect to the bringing down the size of the product. These new rates should therefore be reviewed by simply reducing them to the level before or by carrying out a revision taking into account coverage of total costs, competition and above all by meeting customer expectations. This would guarantee profitability. Also, discounts and rebates having become current currency, it would be necessary to enhance general discounts such as volume discounts or seasonal discounts.

- 5. Today, it is necessary to continuously monitor and evaluate the operations undertaken. However, one thing is clear: in most companies, the control procedures are poorly developed; many of them do not control the prices of their competitors and do not follow the evolution of their storage costs; systematic evaluations of the effectiveness of their advertising and of their sales force are not carried out; audit assessments are often poorly developed. Coca-Cola Western Africa team should have a marketing activity control platform which would involve:
  - Control of the annual plan with the objective of analyzing the achievement of objectives
    and identifying corrective actions; analysis which should be carried out by general
    management and functional departments through the analysis of sales, market share,
    financial analysis.
  - Control of profitability with the objective of analyzing the company's gain or loss of money; analysis which should be carried out by the marketing controller through a profitability study by product, by zone, by market segment.
  - Productivity control with the objective of evaluating and improving the productivity of commercial means; analysis which should be carried out by the functional, operational managers and the marketing controller through the analysis of productivity, sales force, distribution.
  - Strategic control aimed at analyzing opportunities, particularly in terms of markets, products and circuits; analysis which should be carried out jointly by the general management and a marketing auditor through an analysis of the company's marketing effectiveness and a marketing audit.

## 5.3 Specific recommendations to Coca-Cola Ghana

- 1. Given the number of impressive brands of sugary drinks found on the Ghanaian market and given the excessive competitive intelligence practiced by both, Coca-Cola Ghana should rely on its impressive sales force so that information relating to this market is regularly collected and conveyed to the level of marketing management for the purposes of operational success.
- 2. The sales force being all the personnel responsible for visiting or receiving potential and / or current customers in order to ensure the promotion, sale and sometimes after-sales of a company's products or services, it can be deduced that the function exceeds that of the sale; it is also about improving the company's brand image, collecting information and building customer loyalty. Coca-Cola Ghana sales force should therefore be more efficient in terms of:
  - Personalization: Interactive negotiation with customers in order to better detect needs
  - Lasting relationship: Loyalty of the relationship
  - Reaction: To listen to the customer when he replies to an offer
  - Sales managers are at the top of the ladder in the sales team's organization chart; they do not sell but determine, organize, execute and control the sales activities. Consideration should be given to appointing sales inspectors so that they can travel to ensure appliance of the sales policy adopted by the sales manager. Having sales inspectors would make it possible to control sales efforts at all points of sale, and therefore to control the work of salespeople; the latter having total freedom to manage each their area and to report information once a month.

## **6 Conclusion**

To summarize the research that was done in theoretical part, we conclude the meanings learned of **company, competition, brand** and how customer relationship management is dependent on a true harmony between these three. Then is concluded the success of the branding strategy that Coca-Cola introduced in 2013 in Western Africa and how a similar more modern strategy in the next years could have a similar impact.

A **company** is an economic and social structure which brings together human, material, immaterial and financial means, which are combined in an organized manner to provide goods or services to customers in a competitive market or non-competitive monopoly environment with a profitability objective.

The **competition** is an aspect of individual freedom and gives not only the right but also the material possibility for economic agents to make choices and use reason. It promotes permanent adaptation between supply and demand as well as innovation. Competition pushes for continuous improvement by adapting to current and future needs. It is noted on the Ghanaian market by a variety of products and services, a rivalry between production, distribution with service companies and a free choice that the buyer can exercise both in terms of purchasing decision and in terms of product and seller choice.

The **brand** is first of all a sign used to identify a company, a product or a service; it is also capital that gives value to the company and its products. It is the signature of the manufacturer; it authenticates the origin of the product. This signature comes in forms: verbal sign (patronymic, geographic, fancy name or slogan), monogram, visual sign (logotype, drawing, hologram, and color combination), sound sign, and product form (could be designs and models) for the company, the brand is a capital and a development tool. It is an intangible asset that has commercial value. The proof: it can be sold and bought. The **customer relationship management** (or CRM) helps to establish the behavior of the client, his wishes, but also the value he will bring to the company. Today, companies are more and more concerned with the loyalty of their customers. Customer Relationship Management strategies are therefore seen as a new tool essential to establishing a true personalized relationship with each of the company's

customers regardless of the communication channel used. This new marketing consists in no longer considering the consumer as a passive element. It aims to adopt an interactive approach between the seller and the buyer. Thanks to this new method, the company can forge more lasting ties with its customers. The company can target them, build loyalty and personalize its offer with its ongoing relationship policy. It shows that the brand is interested in the whole person, and not only in the profitability of the consumer. The individual is then at the heart of the company's strategy.

In Ghana, a company such as Coca-Cola has taken a risk and invested in a new branding strategy in 2012-2013 which turned out to be rewarding. Coca-Cola is now facing a phenomenon named globalization, like any business of course. Whether customers are individual consumers or businesses, globalization has given the customer certain powers. Indeed, it has increased the customer's power during the purchasing process with a variety of products and services, a large amount of information on all subjects, ease of ordering and full access to comments on products and services. Today, the quality of the products offered and the relevance of the positioning are two imperatives factors which are essential to any agro-food business. Coca-Cola therefore placed increasing emphasis on product quality; this is reflected in the state-of-the-art infrastructures acquired and its quality service which takes down an enormous task; all this for customer satisfaction.

A well-thought-out brand strategy is necessarily a source of competitive advantage and commercial attractiveness. Coca-Cola officials has proved to have never lost sight of this.

An American trademark registered in 1887, Coca Cola is a soda that takes its name from its first composition: the coca leaf and the use of kola nuts. A drink then recommended by its inventor as a remedy against gastric problems, Coca-Cola will be marketed in its famous bottle from 1960. With nearly 1.5 billion bottles sold per day. The company monitors competing giants such as **Pepsi**, **Dr Pepper** and **Virgin Cola**. Today nearly 60% of Coca-Cola is bottled by 58 different bottlers, subcontractors of Coca-Cola Company. Recently they have launched in specific regions, a partner ecosystem program where resellers are graded based on proximity, business, silver, gold or platinum partnership. The higher level of partnership being platinum for which, each specific partnership level has certain certifications and sales threshold that needs

to be fulfilled in order to maintain this partnership each respective fiscal year. The aim of this partnership is to promote loyalty to the customers not only to the brand but also to partners, also many of those partners were previously only customers and now they have become partners.

When we conclude our research, two feelings are in us; not only by having learned a lot from our research relating to the development of the research with the case study of Coca-Cola in Western Africa and Ghana; but also that of tracing paths that can be used by other researchers exploring to perfect our work related to the impact of branding strategies on the customer relationship management process.

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# **Appendix**

## Appendix A. Questionnaire 1

Questionnaire about Coca-Cola in Ghana

This questionnaire is for the research that was done about the impact of branding strategies on the CRM process. The case example is about Coca-Cola in Ghana

- 1. How often to you drink Coca-Cola?
- Often
- Rarely
- Sometimes
- 2. Do you feel that Coca-Cola places loyalty first? (Can be loyalty to the flavor or the trademark)
  - Yes
  - No
  - Maybe
- 3. Is one of the reasons you are choosing Coca-Cola instead of other alternatives is because of the name and brand?
  - Yes, I consider the name and brand among the reasons I choose Coca-Cola instead of other alternatives
  - No, I do not consider the name and brand among the reasons I choose Coca-Cola instead of other alternatives
- 4. Is the notoriety of Coca-Cola one of the reasons you consider yourself loyal to being its customer?
  - Yes
  - No
  - I'm not a loyal Coca-Cola customer

# Appendix B. Questionnaire 2

This questionnaire is to understand the perception of the sales manager's interaction with brand strategy CRM.

- 1. Has the change in Coca Cola's brand strategy in Western Africa (Ghana included) had a direct positive impact on your achievement?
  - Yes
  - I wasn't a Coca-Cola employee when the strategy was introduced
  - No
- 2. Have you felt that the quality of your sales management in the company has facilitated your job in general?
  - Yes
  - No